795 Russia. *Only one Bishop*—Paltarokas—was known to be *alive in* 1948, and no information regarding his present fate is available. Administrators who succeeded the martyred Bishops likewise "vanish" in MVD trucks soon after their appointment.

The official Registers of the Church, cited by the Rev. Dr. Kazys Gečys in his "Catholic Lithuania" (*Katalikiškoji Lietuva*, Chicago 1946) gave the following statistics for the year 1940:

Diocese	Deaneries	Priests	Byzantine Rite Priests	Divinity Students	Monastic Orders: Priests	Friars	Nuns	Parishioners
Vilnius	16	307	5	169	62	184	384	877,838
Kaunas	10	289	2	152				500,000
Kaišiadorys	9	163						220,200
Panevėžys	10	235						418,950
Telšiai	12	237		83	90	387	579	385,872
Klaipėda Prelacy		11						22,150
Vilkaviškis	12	245		62				351,405
Total	69	1,487	7	470	152	571	963	2,776,422

The total number of clergy, including those of the Byzantine rite, was 1646. One priest was available to minister 1688 souls. The 1586 members of monastic congregations, included the Franciscan, Jesuit, Salesian, Dominican and Marian Orders, and several exclusively Lithuanian Orders.

794 The same author provided the following statistics regarding the number of churches as of 1940.

Diocese	Arch-Cathedral Basilicas	Cathedral Basilicas	Cathedrals	Parish Churches	Filial Churches	Non-Parochial Churches	Chapels
Vilnius		1		185 +Byz. 7	17	34	110
Kaunas	1			91	31	34	84
Kaišiadorys			1	65	2		12
Panevėžys			1	90	27	7	82
Telšiai			1	111	16	14	32
Klaipėda Prelacy				5		2	
Vilkaviškis			1	93	5		10
Total	1	1	4	670 +Byz. 7	98	91	330

A total of 1202 churches, embracing 681 parishes. Each church served 2310 souls.

In addition to the Roman Catholic community, Lithuania had 51 churches and chapels with 18 pastors of the Evangelical Lutheran Church, 12 Calvinist (Evangelical Reformed Church) parishes with 7 pastors, 3217 independent sectarians (mostly ex-Lutherans), five Tatar Mohammedan congregations (at Vilnius, 40-Tatars, Kaunas, Reižiai and Vinkšniukai), and two Karaim congregations. Statistics are not available regarding Jewish religious communities.

652 For services rendered in keeping birth, matrimonial and burial records, the state budget of Lithuania for 1939 appropriated the following sums in Litas (1 Litas equaled $0.10 in gold or $0.16⅔ depreciated):

652

Roman Catholic Church	Lt.	1,383,278
Israelite Congregation	"	105,500
Evangelical Lutheran Church	"	88,000
Evangelical Reformed Church	"	26,560
Greek Orthodox Church	"	60,360
Old Believers Congregation	"	31,920
Mohammedan Congregation	"	2,400
Karaim Congregation	"	400
Total	Lt.	1,691,718
	($169,171.80 gold or $281,483.86 current exchange rate)	

794 Comparison of the situation of the Catholic Church in 1940 with that shown in a *Tass* bulletin of April 1947 and the information provided by the Lithuanian underground resistance movement as of 1948, tells a very eloquent story:

	1940	*Tass* 1947	1948
Archbishops and Bishops	14	2	1
Clergy	1,646	1,332	400
Monastic Order members	1,586	0	0
Churches	1,202	711	ca. 600
Parishioners	2,776,422	"thousands"	most of survivors
Theological Seminaries	4	1	0
Catholic Faculty in Univ.	1	0	0
State assistance	Lt. 1,383,278	0	Ruinous Taxes
Church Taxation	0	?	millions of rubles
Divinity Students	470	ca. 150	0
Killed or exiled clergymen	0	(silence)	75%
Catholic press 1935: number	52	(silence)	0
circulation	7,050,200	(silence)	0
Religious-philosophy books	209	(silence)	0
Sodality-Fraternity Members	800,000	(silence)	0

Naturally, the underground data does not disclose clandestine catechetic instruction by clergymen and laymen, and the secret religious press. Religious books and articles bring highest prices in the black market. All of the Catholic scientific, educational, social, athletic, labor, economic, publishing and charitable institutions, academies, schools, libraries, kindergartens, associations, sodalities, etc., were closed and their property was confiscated by the Russians.

Attempts to Create a "National MVD Church"

795 The Russian Orthodox Church is, to all intents and purposes, a branch of the secret political police—the MVD and MGB. This Church is the only religious organization tolerated in Russia, allotted newsprint and printing facilities, and sponsored by Soviet agents in the annexed and satellite countries. "Archbishop" Sergius had been sent to Lithuania in 1940 to subvert the Greek Orthodox Church of the country. This notorious personality ultimately became an agent of the Gestapo and was liquidated by the Gestapo just before the second Russian invasion. The remaining Russian Orthodox clergymen are docile and loyal servants of the MVD-MGB, inspired in part by a Russian nationalism. The few Orthodox people of Lithuania have no respect for them.

When the Protestants practically disappeared from Lithuania and the few thousand native Jews remaining in the country (some 3,000 plus about 15,000 imported Russian aliens of Jewish race) enlisted in the Soviet service, the only religious opposition is the Roman Catholic Church—which consists of at least 90%

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

seized by the government in 1861 and 1863 are to receive priority over all others. Each head of a family may receive not more than 49.4 acres (20 hectares). Land is also to be distributed to public schools, schools of agriculture, and other institutions of learning and culture as well as to hospitals, sanatoriums, asylums, and other social and public organizations.

The land is divided into four classes, graded according to the fertility of the soil. The new owners have to pay equal annual installments for their land for thirty-six years. The rate to be paid varies from 180 to 252 litas per hectare (2.471 acres) for first-class land, depending on its location; 90 to 126 litas for second-class; 36 to 54 litas for third-class, and 18 to 27 litas for fourth-class. No interest accumulates on the unpaid balance except on due shares which are not paid in the time prescribed.[13]

The only recipients of land exempted from all payments are volunteer soldiers in the Lithuanian war for independence and their families.

Former owners of the lands taken for land reform purposes were entitled to compensation. Payment was to be made with government bonds bearing three percent interest and redeemable at any time not later than thirty-six years from the date of issue. Paragraph 58 of the Land Reform Law prescribes that the compensation for the land shall be a fair price based on valuations existing in the period between 1910 and 1914. As the Land Reform Law was passed on April 3, 1922, when *Obost* marks [14] were in circulation, the compensation was to be paid in this currency. (One Russian ruble was made equal to two *Obost* marks.) Paragraph 59 provides that the highest amount paid may not exceed

[13] Salkauskas, *op. cit.*, pp. 325–32.

[14] See, p. 102 below, section on Finance.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

423 425 [452] 480 marks per hectare. Because the mark fell in value, the reward was comparatively small when translated into litas. It is estimated that the total amount paid by the government for expropriated land up to 1935 was 40 million litas.

In accordance with this law, the land transfer up to the end of 1939 involved 1,774,099 acres (717,968 hectares), of which a substantial part was handed over for cultural and other public uses, being given for schools, cemeteries, municipalities, public playgrounds, and so on.

TABLE 6

THE LAND INVOLVED FOR REDISTRIBUTION BETWEEN 1919 AND 1939

	ACRES
I. Land distributed for permanent ownership	
1. To private schools, organizations, asylums, etc.	2,291
2. To parish churches	3,981
3. For cemeteries	1,003
4. To employees and laborers for homes	8,110
5. To new settlers	893,392
6. Added to small farms	222,951
TOTAL	1,131,728
II. Land distributed for temporary use	
1. To public schools and other governmental institutions	86,070
2. To municipalities and their institutions (hospitals, asylums, public parks, etc.)	6,158
3. To private persons and organizations	26,539
4. For community pastures	72,170
TOTAL	190,937
III. For miscellaneous uses	451,434
GRAND TOTAL OF LAND AFFECTED BY THE LAND REFORM ACT	1,774,099

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

Chapter IV

FOREIGN TRADE

The customs boundaries and customs tariffs of Lithuania were established in May, 1919, from which time the statistics on foreign trade were compiled. But up to 1923 these statistics were such that the figures are not exactly comparable with those of the later years. The unstable German *Obost* and *Reichsmark* currency, which circulated in Lithuania up to the end of 1922 when the Lithuanian litas currency was introduced, may be regarded among the chief causes for this situation.

It will be noted from Table 39 that the value of foreign trade increased until 1930 when it reached an all-time high of 333,739,000 litas in exports and 312,415,000 in imports. If the year 1923 is taken as a base, with the index number 100 for imports and exports, the index number for exports of 1930 is 227 and for imports 199.

From 1930 foreign trade decreased, the lowest point for exports being reached in 1934 with the index number 100, and for imports in 1935, with the index number at 82. Full revival of foreign trade began in 1936 when the index number for exports was 130 and for imports 100. In 1938 it rose as high as 159 for exports and 143 for imports.

In analyzing these figures it must be recalled that the litas currency of Lithuania held its original gold parity and there was no devaluation up to the Soviet invasion in 1940.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

Russian rubles put into circulation by Darlehnkasse Ost. But on March 30, 1917, this promise was retracted and redemption by German marks was promised at the rate of two marks for one ruble.[3]

After the declaration of independence, February 16, 1918, because of unsettled conditions Lithuania was unable quickly to introduce her own bank notes. The Provisional Government signed with the Darlehnkasse Ost an agreement by which the notes were to remain in circulation until a Lithuanian bank of issue could be organized. The sums in circulation at that time, as estimated by Professor Rimka, are shown in Table 47.

TABLE 47

GERMAN OBOST NOTES IN CIRCULATION
1917–22

YEAR	NOTES IN CIRCULATION (*Millions of Obost marks*)	VALUE IN LITAS [a] (*Millions*)
1917	125.75	186.77
1918 (March 31)	165.65	327.30
1918 (Dec. 31)	290.90	363.62
1920 (July)	546.80	138.50
1921 (July)	779.80	101.70
1922 (July)	2,000.00	63.00
1922 (Sept.)	3,500.00	17.00

[a] One litas equals 0.150462 grams fine gold.

It may be observed that the number of notes in circulation increased very rapidly while their value in litas decreased. In September, 1922, the total of notes in circulation was more than ten times greater than on December 31, 1918, while at the same time their value in litas was only one

[3] *Ibid.*

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

436 twenty-first as great. In January, 1919, the rate of exchange was 8.27 marks to the dollar, while one year later, in February, 1920, it was 98.994 marks, and in the beginning of 1922, 200 marks. On October 1, 1922, the day redemption of the *Obost* marks commenced, one dollar equaled 1,650 marks; on October 2, 1,815 marks. Russian rubles were redeemed on October 1, 1922, at 0.004 litas.[4]

453 A special law for the establishment of Lietuvos Bankas (the Bank of Lithuania) was passed on August 11, 1922.[5] The financial basis of the bank is 12,000,000 litas capital stock consisting of 120,000 shares of 100 litas par value [456] each. Although Lietuvos Bankas, before Soviet occupation, was a private enterprise in its organization, it was under government control and the general director was appointed by the president of the republic upon recommendation of the Council of Ministers. The Law of Establishment of the Lietuvos Bankas grants a special concession to permit the issuance of notes for twenty years, which period may be prolonged by law.

436 With the first issue of litas notes on October 1, 1922, the ● 452 redemption of the *Obost* marks at the market exchange rate 648 was begun. The Russian rubles at that time were almost worthless, and the value of *Obost* marks was just a fraction of the original value. This caused a great loss to the population of Lithuania, wiping out everybody's savings and creating generally chaotic credit conditions. There is no question but that Germany was responsible for the inflation and loss in the value of *Obost* marks and that Lithuania had the right to demand reparations. Negotiations for that purpose were

[4] Kazys Struoga, *Die Wirtschaft der Republik Litauen und ihre Notenemission*, Kaunas, 1930, pp. 15–18.

[5] *Lietuvos Bankas, First Decade, 1922–1932*, Kaunas, 1932, pp. 10–14; *V.Z. Nr. 199, par. 1347.*

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

started in March, 1922, in Kaunas. Reparation was sought for the compulsory introduction of *Obost* marks and the use of issuance rights from August, 1916, until November, 1919, when the German army finally withdrew. The loss to Lithuania was estimated at 5,383 million marks, which sum was demanded by the Lithuanian delegation. Due to the fact that the Germans refused to recognize these demands, negotiations were discontinued. They were resumed in Berlin in May, 1923.[6] These negotiations resulted in a treaty concluded on May 31, 1923, of which the first paragraph says: "Both contracting parties agree not to raise any claims against each other, originating from events of the World War." [7]

After three months of operation of Lietuvos Bankas—that is, on December 31, 1922—there were 30.38 million litas in circulation. The coverage in gold of the notes in circulation accounted for 50 percent and that in gold and foreign exchange for 109.1 percent. The amount of litas in circulation grew, while the coverage in gold decreased somewhat, but it was never less than the one-third prescribed by law. Thus on December 31, 1923, there were 60.07 million litas in circulation; in 1924, 92.98; in 1925, 81.92; in 1926, 86.79; and in 1927, 96.61.[8]

The issue activities of Lietuvos Bankas in later years are indicated by Table 48. At the end of 1938 the notes in circulation amounted to 141.70 million litas, exceeding the previous all-time high of 1930, while in April, 1939, it reached 181.65 millions, a new all-time peak. The coverage in gold

[6] A. Moravskis, *Lietuvos Finansai, Pinigai, kreditas ir bankai* Lietuvoje pries kara ir dabar, II dalis. (The Finance of Lithuania: Money, Credit and Banking in Lithuania before the War and at Present. Part II), Kaunas, 1925, pp. 33–35.

[7] Dailide, *op. cit.*, p. 199; *V.Z. Nr. 173, par. 1197.*

[8] *Lietuvos Bankas Bulletin*, Feb. 19, 1932, p. 18.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

The litas was never devalued, and it held its original gold parity until Soviet occupation on June 15, 1940. Shortly after occupation the financial structure of Lithuania was destroyed entirely. The litas was substituted by the ruble. All savings accounts over 1,000 litas (approximately $165.00) were confiscated. Though the purchasing value of the Soviet ruble was much less than that of the litas, nevertheless the litas officially was rated at 90 kopeks (a kopek equals one-hundredth of a ruble). The Germans who replaced the Russians set the official exchange rate at 50 pfennigs, or half a German mark, to a ruble.

STATE FINANCE

The state finance and the economic policy of the republic of Lithuania were guided by the minister of finance. In 1923, the first year for which statistics are available, the revenue amounted to 166.30 million litas against expenditures of 166 million litas.[9] The following year's revenue increased to 235.79 million litas and expenditures to 232.32, leaving a favorable balance of 3.47 million litas. The highest balance was gained in 1929 when the revenues of 293.79 million litas exceeded expenditures by 26.10 million litas. But in 1931 and 1932 expenditures exceeded revenue. In 1931 the total income amounted to 315.09 million litas, expenditures were 335.30 million litas, and the deficit was thus 20.21 million litas. In 1932 the deficit was somewhat smaller: 12.40 million litas. The budget of 1938 was practically balanced, the revenue amounting to 366.48 million litas, while the expenditures totaled 366.49 million litas. In 1939 revenues amounted to 361.78 and expenditures to 356.54 million litas. The growth of the budget during the years of independence was

[9] C.S.B., volume for 1927.

3: Simutis S-4 (no date) 1942 RBS Lithuanians RBS

652 considerable, the 1938 figures being more than double those of 1923.[10]

652 651 The greater part of government income is received from indirect taxes, comprising excises, state monopolies, and customs duties. This group in 1936 yielded 22.59 percent of the total revenue; in 1937, 25.74 percent; and in 1938, 24.24 percent. Next in importance is the yield of government enterprises, comprising the revenue from post, telegraph, telephone, railways, and mixed enterprises in which the government has interest. Revenue from this group in 1936 accounted for 16.04 percent; in 1937, 15.60 percent; and in 1938, 14.76 percent. The third source of income according to percentage of the total revenue, is direct taxation, which in 1938 accounted for 14.38 percent.

652 In expenditures, the highest percentage goes to the Ministry of Defence, which in 1938 accounted for 23.24 percent of the total expenses. Second place falls to the Ministry of Communication, which in 1938 used 19.79 percent of total expenditures. Third place is held by the Ministry of Education, with 16.01 percent. Then follow the Ministry of Agriculture with 13.86 percent, the Ministry of Finance with 11.30 percent, and the Ministry of Interior with 8.70 percent.[11]

PUBLIC DEBT

The public debt of Lithuania is comparatively small; it is less than that of either of the other Baltic states, amounting at the end of 1937 to 47 litas per capita, while Latvia's was 80 litas and Estonia's 180 litas per capita.[12]

The debts of Lithuania may be divided into two groups:

[10] *Lietuvos Banko Biuletenis No. 46*, Kaunas, 1939, p. 8.
[11] C.S.B., 1938, pp. 315–19.
[12] Report of C.C.I.C., *Ten Years of Lithuanian Economy*, 1938, p. 146.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

The debts of Lithuania may be divided into two groups 652 45¢

(1) debts which originated in the period 1918–22 during the struggle for reëstablishment of the nation's independence and (2) subsequent debts contracted for reconstruction purposes. The debt to the United States for various medicaments, clothing, and foodstuffs obtained from the American military camps in France and from the American Relief Administration belongs in the first group. According to the agreement of September 22, 1924, with the United States, the principal was $4,981,628.03 and accrued interest of 4¼ percent from June 30, 1919, until June 15, 1924, amounted to $1,049,918.94, so that the total debt was $6,031,546.97. Of this amount, $1,546.97 was paid on September 22, 1924, and the remainder, $6,030,000, was to be funded into bonds bearing 3 percent interest until June 15, 1934, and 3⅓ percent after that date until the whole sum was paid. The principal was to be paid in the course of 62 years in fixed amounts each year. Thus, the first amount, $30,000, was due on June 15, 1925, and the last, $227,000, was to fall due on June 15, 1986.[13]

According to the estimate of Moulton,[14] Lithuania, up to June 30, 1931, had paid $1,128,600. The latest payments made by Lithuania to the United States were token payments in the sums of $10,000 on June 15, and $7,000 on December 15, 1933, but after the passage of the Johnson Act Lithuania made no further payments. On May 5, 1934, Attorney General Cummings of the United States pointed out that Lithuania was one among the six foreign governments[15] indebted to the United States government which was not in default under the terms of the Johnson Act, because she

[13] Dallide, *op. cit.*, p. 310.

[14] Harold G. Moulton and Leo Pasvolsky, *War Debts and World Prosperity*, Washington, D.C., 1932, p. 293.

[15] Finland, Great Britain, Czechoslovakia, Italy, Latvia, and Lithuania.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

452 had made token payments as evidence of good faith in con-
457 nection with her debt installments.[16]

According to later interpretations of the Johnson Act, however, the State Department on May 10, 1934, informed European debtor governments that while token payments

TABLE 49

FOREIGN AND DOMESTIC DEBTS OF LITHUANIA AT THE END OF 1939

A. FOREIGN DEBTS –	LITAS
Debts to the U.S.A.	38,661,000 [a]
Debts to Great Britain	718,200 [b]
Liberty Loan	2,939,700
Match Monopoly Loan	25,193,500 [c]
Debts for public works	359,500
Short-term loans	1,043,400
TOTAL	68,915,300
B. DOMESTIC DEBTS	
4½% Domestic Loan of 1935	12,260,400
4½% Domestic Loan of 1936	11,893,600
Treasury Bills of 1937	2,138,300
4½% Domestic Loan of 1939	4,439,000
Vilnius Loan of 1939	15,420,500
Debentures of war collections	16,400
Debts for public works	4,063,000
TOTAL	65,231,200
TOTAL PUBLIC DEBT	134,146,500

[a] Total debts to the United States: 41,600,700 litas or $6,864,801.
[b] Total debts to Great Britain: 1,456,700 litas or £50,849.
[c] $4,157,350.

[16] *New York Times*, May 6, 1934.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

652 ●
457

would be acceptable on June 15 when the following installments on the war debts were to have been due, such payments would not serve to free them of being considered in default within the meaning of the Johnson Act.[17] Pressed by adverse economic conditions prevailing in that year, Lithuania was unable to meet her obligation and thus was classified "in default." It must be remembered, however, that exports of Lithuania in that year were the smallest since 1923 and the economic depression in general was at its worst.

Another sum in this group is the debt of 1920 to Great Britain for war material deliveries to the amount of 7,300,000 litas (£150,000). The total debts originating in the period of the struggle for independence amount to 50,700,000 litas.

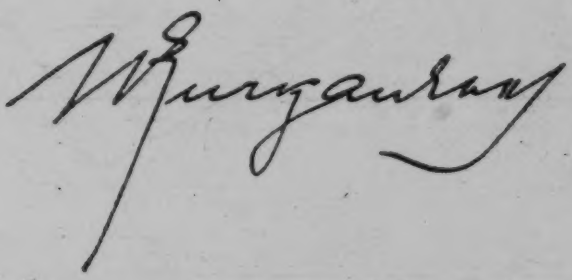
In the group of debts for reconstruction the greatest item is the Match Monopoly Loan of $4,500,000, which was contracted in 1930 in Sweden for the transfer of the match monopoly to the Swedish Match Manufacturing Company.

[17] *New York Times*, May 11, 1934.

small distributing trade enterprises are holding their own and increasing. 43r

More favourable development is shown by finance and credit conditions; the equilibrium of the State finances and a sound currency and credit policy form the basis on which the superstructure of economy can be reared. 65r

The fact that the economic crisis, notwithstanding its protracted duration, was relatively easily overcome, after which a vigorous advance again set in, is to a great extent to be entered to the credit of the economic policy of the Government, which by means of the regulation of export, the support of production of agricultural supplies, the financing of new industrial promotions, and the regulation of prices has ameliorated the effects of the world crisis and furthered a healthy private initiative in the interests of the total political economy. 000



President of the Chamber of Commerce, Industry and Crafts.

				473
1931	69	89 794	32 433	
1932	76	90 874	32 547	
1933	84	98 675	34 733	
1934	83	105 979	43 274	
1935	84	105 465	45 207	
1936	85	107 372	44 881	
1937	88	110 883	47 969	

On the strength of these data we may conclude that the financing of industry in the form of share-capital concurrently with the development of wholesale manufacture in Lithuania is constantly growing; it amounts to approximately a third of all capital invested in industry. The number of industrial concerns, which are organized as joint-stock companies, has risen by 57.1% during ten years, from 1928 to 1937, and the total amount of the share-capital by 60.6% in the same period.

The share of foreign capital amounts to 43.3% and is chiefly invested in electricity works, the paper industry, and the chemical industry. The largest portion thereof, i. e. 18 200 000 litas or 35% pertains to-day to Belgium; 12 100 000 litas or 23% to Germany; 6 200 000 litas or 11% to Sweden; and 5 500 000 or 10% to Holland. 471

Approximately 15 000 000 litas represents the investments of the Lithuanian Government, of which the sum of 7 000 000 litas pertains to the „Maistas" Company and 2 700 000 litas to „Lietuvos Cukrus". 652 ●

The share of Lithuanian private capital in the total share-capital invested in industry amounts therefore to 45%. 454

The distribution of industrial joint-stock companies according to individual branches and its development during recent years may be seen from Table No. 2. 473

Thus in 1937 the relatively largest part of the total share-capital pertained to the foodstuffs and luxury goods industry, which possessed 21 undertakings with 27 900 000 litas capital. Among these were 4 mills, 3 chocolate factories, 1 company for sugar production („Lietuvos Cukrus"), 2 undertakings of the meat industry, 3 spirit distilleries, and 4 beer breweries. The number of undertakings has been stationary since 1933; also the capital during the last five years shows only small fluctuations, but in comparison with 1928 it has risen by 66%.

6: Anonymous U-4, 5 (no date) 1938 RB5 Lithuanians RB5

1. The State Budget.

652 Our State Budget is based upon the fundamental principle that expenditure must conform to revenue. Actually since 1924 in the financial history of independent Lithuania, it has always been possible not only to defray all ordinary expenditure from current receipts, but even to realize a surplus. The State loans have been incurred without exception solely for the defrayal of extraordinary outlays, chiefly for the purpose of valuable investments.

The contrast between revenue and expenditure during the last ten years is shown in the following table (in million litas):

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Revenue	319.8	338.5	347.7	340.1	292.0	256.9	264.4	279.9	302.8	329.9
Expenditure	280.5	269.9	320.6	335.3	278.2	249.7	251.8	276.9	287.7	318.2
Surplus	+39.3	+68.6	+27.1	+4.8	+13.8	+7.2	+12.6	+3.0	+15.1	+11.7

The Budget figures cited above faithfully reflect the contingent course of our economy; 1930 was the record year for revenue, while the recession in 1931, amounting to only 2.2%, was due solely to the lower figure of extraordinary receipts, as will be clear from the subsequent table. Expenditure also reached its peak in 1931, and on that account, that year, in harmony with other important economic curves also from the standpoint of the finances, must be regarded as the high trend year before the crisis. Like the employment of industry, both the Budget series also reached their lowest level in 1933, and the years 1934 and 1935 were signalized by a slight improvement. Both last years show a rapid advance, without, however, again attaining the record figures of 1931, which is explained by the erstwhile serious recession.

●652 We can determine the structure of the State revenue and
651 the not entirely uniform development of its separate categories on the strength of the following table:

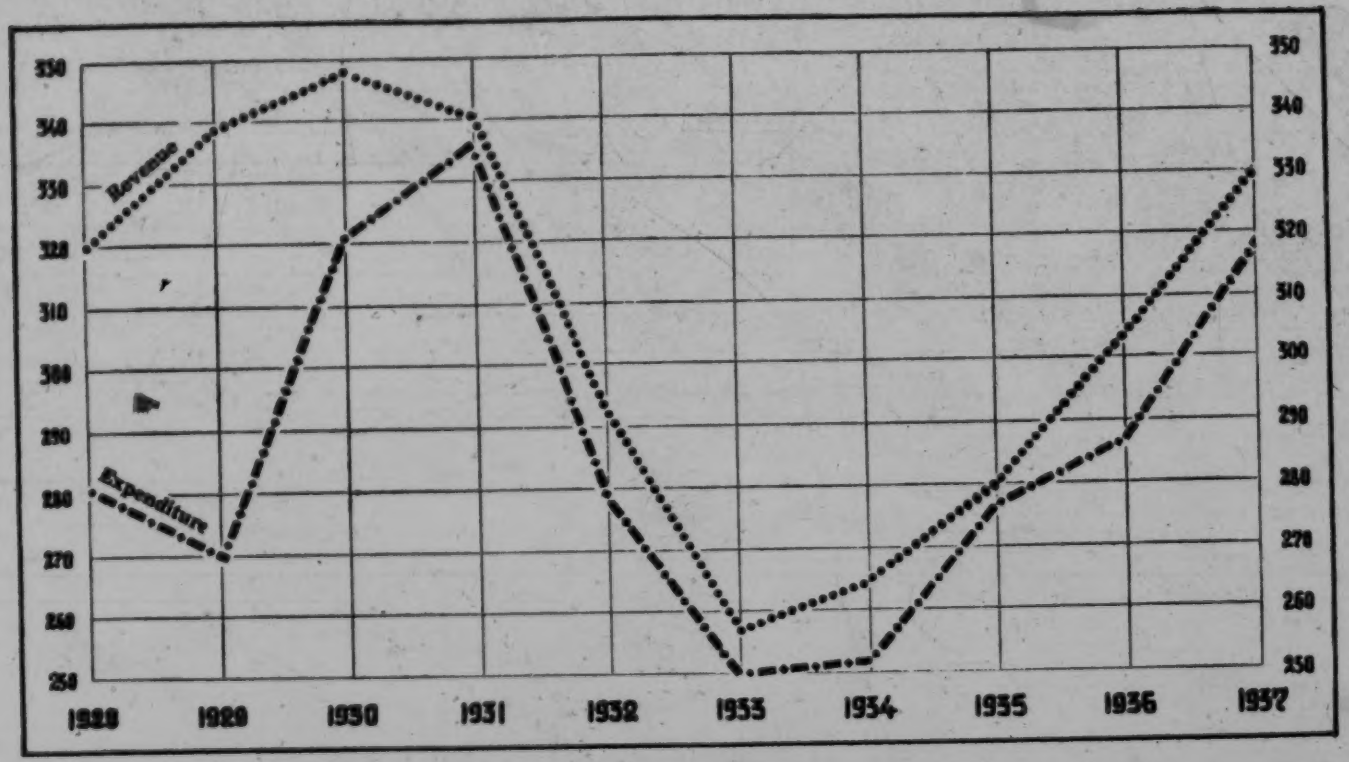
The Structure and Development of the State Revenue from 1928 to 1937 (Million Litas).

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
1. Direct Taxes	35.2	37.8	41.8	42.6	39.1	40.4	39.2	38.5	44.1	48.7
including:										
(a) Land Tax	16.9	18.1	19.6	19.1	17.1	18.6	18.5	16.2	17.9	18.1
(b) Urban Real Estate Tax	5.0	5.0	6.1	6.7	6.9	6.9	6.5	7.0	8.1	8.6
(c) Patent and Profit Tax (Trade & Industry Tax) ..	9.7	10.1	11.2	11.3	10.5	9.9	9.0	9.5	10.5	13.1
(d) Labour Profit Tax	....	0.4	0.4	0.6	0.8	1.6	2.5	3.2	4.7	5.6
2. Indirect Taxes	120.5	122.6	134.8	138.5	110.8	94.2	98.5	91.6	98.4	120.0
including:										
(a) Excise	18.2	19.3	17.7	20.6	20.6	20.1	19.5	24.1	19.0	29.6
(b) Monopolies	44.0	41.7	42.4	42.4	32.8	28.1	26.0	25.6	30.0	35.1
(c) Customs Duties ..	58.3	61.5	74.7	75.5	57.4	46.1	53.0	41.9	49.4	55.3
3. Dues	9.6	20.8	20.6	20.1	18.3	17.8	17.1	17.0	19.2	22.1
4. State Undertakings	53.9	64.0	60.4	68.0	50.8	46.0	46.3	45.4	48.6	51.5
5. Properties & Capital	37.6	36.3	33.1	31.0	22.0	22.2	24.5	17.6	26.5	33.7
6. Other Ordinary Revenue	21.8	14.5	11.3	11.7	11.1	7.9	10.2	8.7	9.1	9.4
7. Extraordinary Revenue	41.2	42.5	45.7	28.3	39.9	28.4	28.6	61.0	56.9	44.5

Direct taxes play a relatively small rôle in our Budget, since their share in 1937 amounted to only 14.8% of all State revenue. The principal items consist of indirect taxes and the income from State undertakings. Nevertheless both the share of direct taxes and their relation to indirect taxes are constantly increasing, which proves that our taxation system is ever more and more emancipating itself from the tradition of earlier Russian financial methods and approaching the West European system. The ratio of direct to indirect taxes in the old Russian Empire amounted to 10:59; in independent Lithuania, on the contrary, in 1928 it was already 10:34, and in 1937 only 10:25. In Great Britain the ratio of direct to indirect taxes is only 10:9. Also the share of the total yield of direct taxes in the State revenue has risen during these years: in 1928 it amounted to 11.0%, and in 1937 already to 14.8%.

Diagram No. 6.

State Revenue and Expenditure in Million Litas.



6: Anonymous U-4, 5 (no date) 1938 RB5 Lithuanians RB5

651
652 The development of receipts from direct taxation is less dependent upon the contingent economic position than, for example, the yield of the State Monopolies. This rigidity is in the first place due to the fact that the Land Tax constitutes the principal item, which is assessed not according to the yield but the number of acres; therefore the fluctuations of the Land Tax receipts, which clearly appear from the table, are to be ascribed to the circumstance that in years of a favourable trend generally taxes are paid more punctually than during a crisis. The Land Tax payments reached their peak in 1930; but the year 1932 first brought about a considerable recession. Following the nadir reached in 1935, the receipts during both last years have again improved, but still remain below the level of 1933 and 1934.

The series of the Urban Real Estate Tax affords an interesting study; its almost uninterrupted upward curve reflects the intensive building activity which during the last two years has greatly increased. The series of the Patent and Profit Tax, which is collected from commercial and industrial undertakings, is wholly adjusted to the course of the economic trend. In the chapter on Home Trade, it has already been demonstrated that the rise of payments in 1937 over the position of 1931 pertains solely to the share of industry, because the yield from trade taxes still remains below the level of 1931.

The increase of the total amount of direct taxes during recent years and therewith also the improvement of their share to a great extent depend upon the introduction of the Labour Profit Tax in 1932, which until that year, known under the style of the Personal Earnings Tax, had been collected merely to a restricted degree, i. e. only from commercial employees. The increase of revenue from 1933 to 1936 is explained by the repeated raising of taxation and the reduction of the cost of living minimum in 1935. The advance in 1937 reflects, on the other hand, the amelioration of the economic situation and particularly the growth of the number of workers and employees.

Indirect taxes constitute the most important item of revenue; they are, it goes without saying, highly dependent upon contingent fluctuations. Their absolute peak level was

reached in 1931, in which year their percentage share was also the highest, viz., 40.7%. The recession in the crisis period was most marked in 1935, i. e. in comparison with 1931 by 46 900 000 litas or a third in round figures. The last two years, but especially 1937, brought about a recovery by 28 400 000 litas. The share in the total revenue that year amounted to 36.4%. 651 652

Among indirect taxes the Customs duties are the most productive. In 1937 they alone defrayed 17.4% of all State disbursements. The strikingly sharp decline of Customs receipts in the crisis years (in 1935 by 44.5% in comparison with 1931) and the relatively low present position, notwithstandig the advance during the last two years, are not due to the quantitative curtailment of import (it has, on the contrary, grown) but to the change in their structure. To-day more raw materials are imported, and fewer luxury articles, which naturally are subject to higher duties.

The receipts of the State Monopolies (Spirit, Matches, and Playing Cards) reflect very faithfully on the whole the development of the purchasing power of the population, but their estimate nevertheless necessitates consideration of the circumstance that the price of spirit during the period under review, in sympathy with the course of other commodity prices, decreased. Although therefore the total receipts of the Monopolies in 1937 stand below the level of the years 1930—1931, the actual sales of whisky through the Monopoly retail establishments in 1937 were 121 000 litres or 2.3% higher than in 1931. The recovery of the losses of the crisis period followed only during the last two years, in which the sales in comparison with 1935 grew by 1 275 217 litres or 31.1%, which characterizes the development tempo of the present-day advance. 652 655

The figure sequence of the excise receipts is, from the contingent standpoint, largely upset by the circumstance that in 1932, as the consumption of excisable goods began to decline in consequence of the outbreak of the crisis, the domestic production of sugar set in, whereby the decreases of excise dues from beer, tobacco, &c., were more or less equalized. The fluctuations in the receipts of the last three years are explained by the fact that in 1935 a portion of the sugar 652

● 452 excise for the following year was paid in advance and in 1937 the residue for the expired year was paid in retrospect.

[655] The third important group of State revenue consists of the income from State undertakings, such as the railways, posts, telegraphs, and telephones.

Their percentage share in the total amount of State revenue in 1931, i. e. before the crisis period, represented 19.9%; in 1937 it amounted to only 15.6%. This group shows the sharpest decline of receipts, which has been caused chiefly by the sinking of railway earnings since 1932, and was partly elicited by the recession of goods transit.

The income from State Properties is regulated in the first place by timber sales from the State forests and is therefore dependent upon the movement of timber prices. In 1937 it overtook the pre-crisis level, which, however, was attained, in addition to the price trend, through more intensive timber felling.

The extraordinary revenue is composed chiefly of the carrying-over of the previous years' surplus and of the salary deductions for State officials introduced since 1932 for the crisis period. The latter item during the last three years amounted to approximately 24 000 000 litas. In 1935 and 1936 also the taking up of State debts to the amount of 18 000 000 litas and 15 000 000 litas respectively figures in this group; furthermore in 1936 the revenue from the Coinage Fund to the amount of 17 000 000 litas. The percentage share of extraordinary revenue, which in 1931 amounted to merely 8.3%, rose in 1935 to 21.8% and in 1937 again declined to 13.5%.

State Expenditure from 1928—1937 (in million Litas).

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
State Council	4.2	4.0	4.8	5.5	4.4	4.7	4.8	4.8	5.2	5.9
Ministry for National Defence .	49.1	49.3	55.9	55.5	46.4	38.9	49.9	65.5	76.8	81.4
Ministry of Agriculture	44.8	35.0	41.6	63.7	50.7	38.0	42.2	46.5	44.9	36.2
Ministry of Finance	49.1	46.9	58.8	46.4	31.9	25.7	23.7	30.0	26.1	34.5
Ministry of Communications ..	59.0	60.4	71.4	72.2	62.9	54.0	51.5	51.2	51.8	63.7

Ministry of Home Affairs	23.3	24.3	26.6	28.1	25.2	24.6	25.0	24.9	26.1	29.8
Ministry for Foreign Affairs ..	4.5	4.4	5.7	6.3	5.1	4.6	3.9	4.5	4.8	5.6
Ministry of Education	35.3	34.3	43.3	45.6	40.4	38.6	39.5	38.0	39.5	47.6
Ministry of Justice	9.8	9.9	11.2	10.7	10.0	9.4	10.2	10.4	11.3	12.4
State Control	1.2	1.2	1.3	1.3	1.1	1.1	1.0	1.1	1.1	1.1

The structure of State expenditure and its development since 1928 are show in the foregoing table. We see therefrom that until 1934 the Ministry of Communications held the first place in State outlays; then disbursements for purposes of national defence have advanced to the top in the last three years. The high share of expenses for purposes of communication - this amounted in 1931 to 21.5% and in 1937 to 20.0% - is to be ascribed to the heavy investment costs of the expansion of the railway network, road building, and expansion of Memel port.

Then follow outlays for agriculture. Their share reached its peak level in 1931, viz., 19.0%, and then declined to 15.6% in 1936 and 11.4% in 1937. Their high share in the pre-crisis period is due to prolific reclamation works. During the crisis approximately half the disbursements devolved upon relief measures for the purpose of improving the prices of grain and other agricultural products, about which we have already spoken more in detail in the chapter on the Home Trade (section on Development of Prices). With the amelioration of the economic situation, the subventions naturally decreased, which explains the reduction of the percentage share of 1937.

The expenditure of the Ministry of Education also represents a considerable proportion of the total. In 1937 both actually and in percentage it reached its peak level and exceeded the pre-crisis position. Its share in 1937 amounted to 15% in round figures against 13.6% in 1931.

The outlays of the Ministry of Finance during the last six years show a lower level than from 1928—1931; this is chiefly the result of the changes in the development of credit operations.

The remaining expenditures (State Council, Ministries of Home and Foreign Affairs, Justice, and State Control), in view of their State political character, are far more stable and therefore show no considerable variations.

2. State Debts.

652 Public debts play no weighty rôle in Lithuanian State finances. At the end of 1937 they amounted to 47 litas per capita of the population, whereas in Latvia the proportion is 80 litas and in Estonia 180 litas per capita.

The development of the debt position and its structure are clear from the following table: —

Year	Foreign Debts	Domestic Debts	Total
	in Million Litas		
1927	80.6	1.0	81.6
1928	86.7	1.0	87.7
1929	85.3	0.9	86.2
1930	108.3	0.8	109.1
1931	136.6	2.5	139.1
1932	150.5	2.5	153.0
1933	114.8	1.7	116.5
1934	90.1	1.7	91.8
1935	82.1	19.7	101.8
1936	81.1	35.9	117.0
1937	78.5	40.1	118.6

The most distinctive characteristic of the variations in the structure of our public indebtedness disclosed by the foregoing table is the decline in the total amount of the foreign debts and the taking up for the first time of more domestic debts during the last three years, whereby the relation of foreign and domestic indebtedness has been displaced. The foreign debts, which in 1932 reached their peak level - they then amounted to 98.4% of the total public debt - have since then receded by half, i. e. 72 000 000 litas, and since in the interim the sum of 37 600 000 litas domestic debt has been taken up, the share of foreign debt has decreased to 66.2%. A larger portion of the decline of foreign obligations is of course explained by the depreciation of the American dollar, because most foreign debts were contracted in dollars; nevertheless the redemption payments actually disbursed from 1933—1937 amount to the considerable sum of 26 800 000 litas. This structural development of our State Debt reflects the growth of the capital energy

of the native population and the progressive consolidation of our economic independence.

The following table shows the position of the foreign and domestic debts on December 31, 1937 (in 1 000 litas):

I. Foreign Debts.

Debts to the U. S. A.	44 222.5
Debts to Great Britain	1 161.8
Liberty Loan	3 675.5
Match Monopoly Loan	25 738.9
Debts for the Administration of the Memel Territory	1 232.5
Debts For Public Works	2 507.8
Total:	78 539.0

II. Domestic Debts.

4½% Domestic Loan of 1935	16 195.0
4½% Domestic Loan of 1936	15 000.0
Treasury Bills of 1937	3 029.5
State Debt Debentures	57.9
Debts for War Charges	1 620.4
Debts for Public Works	4 192.6
Total:	40 095.4
Total Public Debt	118 634.4

Our State Debts can be divided into two categories:

(a) Debts from the time of the struggle for freedom and the first years of independent Lithuania; this period terminated approximately in 1923;

(b) Debts of a later period, which were contracted solely for the purpose of economic reconstruction.

To the former group belong:

1. The debt to the United States, which originated from 1919 and was contracted for various medicaments, clothing,

652 and foodstuffs obtained from the American military camps in France and from the American Relief Administration. The residue of the debt was fixed by the Treaty of 1924 at 60 000 000 litas ($ 6 000 000).

2. The debt to Great Britain of 1920 for war material deliveries to the amount of 7 300 000 litas (£ 150 000).

3. The Liberty Loan was realized between 1919 and 1925 in America from the local Lithuanians for the purposes of organization of defence of Lithuania and for goods purchases, to the amount of 18 500 000 litas ($ 1 850 000).

4. The debt to the Allied Powers for the administrative costs of the Memel Territory was consolidated in 1930 for 9 100 000 litas, of which 8 900 000 pertained to France and 200 000 litas to Great Britain.

652 5. The promissory-notes of the State Treasury, which between 1921 and 1923 were issued to the amount of 36 600 000 Ost mark.

6. The so-called War Money Charges Certificates, a sort of extraordinary tax, which in the first years of Lithuanian independence were obtained from the urban population and all commercial and industrial undertakings. These tax certificates are redeemed according to a specified plan at 50% of the face value.

Of the above-mentioned debts belonging to the category of the liberation period there remains at present still unredeemed a total of 50 700 000 litas.

Of the second group, that is of the loans that were utilized for economic investment, the following are noteworthy:

(a) The Match Monopoly Loan, which was contracted in 1930 in Sweden for the transfer of the Match Monopoly to the Swedish Joint-stock Match Manufacturing Company, to the amount of 60 000 000 litas ($ 6 000 000), of which, however, only 45 000 000 litas ($ 4 500 000) was realized, and

(b) The debts for public works which were incurred for the construction of the Telšiai - Kretinga Railway, to the amount of 15 700 000 litas; for the expansion of Memel port, to the amount of 4 200 000 litas; and for the erection of two bridges in Kaunas, to the amount of 1 700 000 litas;

(c) The two domestic loans, viz., of 18 000 000 litas in 1935 and of 15 000 000 litas in 1936.

652 The first two years, 1929 and 1930, belong to the high trend period; 1933 and 1934 represent the low level position of the crisis, and both last years show the present-day economic advance.

On the basis of the foregoing figures we can first of all conclude that our payment account even during the crisis could be closed without a passive balance.

The most important item on the revenue and expenditure side consists of the foreign trade turnover, the figures of which do not, however, agree with those of the foreign trade statistics. The export figure is raised by the value of the fish exported from the Kurisches Haff, which do not pass the Customs, and the import figure in relation to contraband corrected. The changes in the value of the foreign trade turnover, in connexion with the price development treated in preceding chapters, were the main cause of the recession of the total sum of our payment balance in comparison with the pre-crisis position. Also the descent of the active balance in 1937, in comparison with the previous year, was evoked by the passive balance of the trade account; the corrected trade account in 1936 had an active balance of 27 900 000 litas, and, on the contrary, in 1937 a passive balance of 9 800 000 litas.

The second most important item consists of the services (transport, postal communication, freights, harbour dues, tourist expenditures) as also the funds and remittances of emigrants, which in our table are indicated as „Other current items".

On the revenue side before the crisis, inter alia the remittances of emigrants played the most considerable rôle, but these have since been severely curtailed. Thus in 1929 the money remittances from America amounted to 30 500 000 litas; in 1933 to 9 700 000 litas; and in 1937 to only 6 200 000 litas. The sharp recession of railway goods transit since 1932 has likewise contributed to the decline of the corresponding receipts. On the expenditure side in this group in the first place stand the outlays of Lithuanian tourists abroad, the money exported by Lithuanian emigrants as also the transport costs. The decline of the first two categories is explained by the economic crisis, while the shrinkage of transport costs is attributable to the extension of the Memel harbour and the

creation of a home mercantile marine. All these factors explain why the amount of the so-called „Other current items", as also of our payment balance on the debit and credit side, has sharply diminished.

The items „Capital Operations" and „Interest and Dividends" have also in recent years declined on the expenditure side, which has in part been brought about by the introduction of currency regulation. On the revenue side, on the other hand, in 1937 the increase in the influx of foreign capital has to be noted.

4. Operations of the Lietuvos Bankas.

Lithuania belongs to the few States that have maintained their currency quotation on the level of gold parity. The retention of sound currency, notwithstanding the crisis and devaluation in almost all countries of the world, has materially contributed to the fact that the passing accumulation tendency of foreign exchange in 1935 which, moreover, had more psychological than real grounds, by recourse to foreign bills regulation, was easily eliminated, and the normal situation rapidly restored.

The emission activity of Lietuvos Bankas will be clear from the following comparison:

Year End Dec. 31	Banknote Issue	Gold Reserve	Foreign Bills	Cover Ratio in Gold and Foreign Bills in %
		in Million Litas		
1928	84.77	34.27	43.62	91.9
1929	94.83	35.08	78.48	119.8
1930	117.16	39.39	86.32	107.3
1931	108.95	50.14	33.17	76.5
1932	96.21	49.07	15.96	67.6
1933	89.92	52.00	15.34	76.8
1934	88.24	52.14	8.38	68.6
1935	103.50	36.14	9.91	44.5
1936	110.35	73.10	4.08	69.9
1937	116.56	79.04	1.87	69.4

The last column of the above table shows that the cover ratio has never fallen below the legally prescribed norm of

152 33⅓%, because even the lowest position reached in 1935 which, moreover, afforded the occasion for the introduction of foreign bills regulation, still remained 11 points above the norm. The present cover ratio is indeed, when percentaged, lower than in the pre-crisis years, but the cover must nevertheless be deemed far more favourable, if one takes into consideration that in 1937 67.8% and in 1929, that is, in the year of the highest cover ratio, only 36.9% of the banknote emission were covered with gold. The gold reserve of the Lietuvos Bankas has grown 125.3% in comparison with 1929, i. e. chiefly during the last two years.

The volume of the emission reflects approximately the contingent development of the economic situation, taking into account, it is true, the circumstance that the quoted numerals represent the monthly figures at the end of December of the actual year; thus, for example, the banknote circulation in October, 1931, amounted still to 120 650 000 litas against 118 280 000 litas in October, 1930, which proves that the crisis first began at the end of 1931.

This is shown us also by the first two columns of the following table, which contain other most important data on the activity of the Lietuvos Bankas (in million litas):

Year	Annual Turnover	Total Monetary Circulation: Year's Average	Deposits December 31	Loans December 31	Discount
1928	5 560.4	102.0	80.39	91.49	7
1929	5 662.0	102.3	99.55	84.14	7
1930	6 094.6	117.2	102.67	101.62	7
1931	6 492.3	127.1	77.99	109.11	8½
1932	5 056.6	112.7	57.17	91.96	7
1933	4 163.6	105.8	60.80	83.79	7
1934	4 004.1	101.1	68.51	101.03	6
1935	4 417.2	111.4	45.78	103.01	6
1936	4 781.8	124.1	78.01	105.37	5½
1937	5 565.4	131.9	91.75	119.42	5½

The development of the figure series of the general annual turnover and of the total monetary circulation is not quite proportionate. The difference is noticeable chiefly during the

last two years. Expressed in indices they show the following course: 652.

	1931	1936	1937
Annual turnover	100.0	73.6	86.0
Monetary circulation	100.0	97.6	103.8

The vigorous development of the monetary circulation exists in connexion with the credit policy of the Lietuvos Bankas. The sum of loans granted in 1937 rose by 9.5% in comparison with 1931. The increased fluidity of the money market is moreover emphasized in the reduced discount rate. The figure series of the monetary circulation shows us therefore the development of the credit situation, while the annual turnover more accurately characterizes the economic situation. On the basis of the turnover development and taking into consideration the price variations, we may assume that the real value of the total operations of the Lietuvos Bankas has doubled in comparison with 1928 and has risen by 40% in comparison with 1931, which clearly discloses the rapid advance of economy, particularly in recent years.

The distribution of loans granted by the Lietuvos Bankas according to separate economic branches is shown in the following comparative table:

Year	Agriculture		Industry		Trade	
	Mil. Lts.	Percentage Share	Mil. Lts.	Percentage Share	Mil. Lts.	Percentage Share
1934	34.83	40.9%	26.81	31.5%	5.00	5.9%
1935	41.21	40.7%	30.36	30.0%	5.55	5.5%
1936	44.88	43.4%	31.84	30.8%	5.70	5.5%
1937	50.19	47.5%	27.72	26.2%	5.61	5.3%
1938	50.57	42.3%	30.67	25.7%	9.35	7.8%

As is clear from the foregoing figures, credits were in the first place provided for agricultural purposes. They were for the most part granted to the corresponding cooperative societies. In industry and trade, the branches working for export were chiefly considered. Moreover, in the years 1930—1933, a lower special discount rate (6%) was also fixed for export credits.

453 IV. To the fourth and last group belong the State savings 152 banks in Lithuania Major and the savings banks of the Memel Territory. The following tables elucidate their activity:

152 **A. The Activity of the State Savings Banks (in million litas):**

Year Dec. 31	Balance Amounts	Savings Deposits	Loans
1928	3.85	0.86	3.04
1929	5.66	2.07	4.76
1930	12.52	11.00	11.98
1931	26.82	24.80	25.06
1932	36.70	34.17	31.73
1933	41.36	38.75	35.03
1934	46.69	43.12	37.84
1935	47.21	42.90	35.68
1936	57.38	52.29	32.79
1937	66.34	60.12	30.37

453 **B. The Activity of the Savings Banks of the Memel Territory (in million litas):**

Year Dec. 31	Balance Amounts	Savings Deposits	Loans
1928	11.71	9.23	4.21
1929	14.04	11.64	4.86
1930	19.99	15.65	6.81
1931	24.01	18.65	8.09
1932	30.24	23.96	9.06
1933	26.58	19.32	6.48
1934	23.19	15.26	6.73
1935	20.39	11.87	6.57
1936	21.61	13.82	5.70
1937	28.12	18.61	5.32

152 The percentage distribution of the savings deposits in the State savings banks according to vocation is also characteristic of the growing well-being of the working population. The figures are as under:

	1935, Jan. 1	1936, Jan. 1	1937, Jan. 1	1938, Jan. 1
Public Institutions	40.64	44.85	38.87	33.6
Officials and Employees	13.09	13.11	14.72	16.6
Farmers	12.52	12.67	14.40	15.6
Merchants & Industrialists	11.22	8.93	8.64	9.0
Liberal Professions	7.99	7.90	7.50	8.2
Workers	2.49	2.53	3.01	3.7

* * *

Summarizing the figures of the Lietuvos Bankas and the Žemės Bankas, the commercial banks and the associations of mutual credit of Kaunas and Memel, the credit cooperative societies and the Raiffeisen loan funds banks, as also of the State savings banks and the savings banks of the Memel Territory, we obtain the following result of the development of deposits and loans in all Lithuanian credit institutions during the last ten years (in million litas):

Dec. 31	Deposits	Loans
1928	225.46	304.38
1929	282.83	333.04
1930	345.73	437.83
1931	302.04	479.62
1932	291.20	449.48
1933	278.40	446.51
1934	269.54	461.95
1935	229.60	451.48
1936	290.22	467.35
1937*)	347.60	501.38

These figures show that both deposits and loans in 1937 again reached and exceeded the pre-crisis position (1930—31). Whereas, however, the deposits in conformity with the contingent situation of economy in the crisis years have suffered a severe setback, the fluctuations of the loans were negligible,

*) Without Raiffeisen loan banks of Memel Territory.

which is attributable to the intervention of the Government on behalf of agricultural credits. 452 453 652

In connexion with the consolidation of the credit situation and thanks to the initiative of the Lietuvos Bankas, private discount has also materially decreased. In 1929 it still fluctuated between 14—18%. At the end of 1930 the banks decided that the rate of interest should not rise above 12%; while today it amounts to 8%. Moreover, in accordance with a legal enactment (Government Gazette No. 432) private discount may not exceed the official bank rate by more than three points.

On the basis of the above cited balance items of the separate categories of the credit institutions, we may affirm that the overwhelming portion of the credits pertains to agriculture; the credits for trade and industry amount to approximately one-third of the total sum, and are without exception short-term. In view of this and in connexion with the rapid growth of industry, the necessity is ever more and more being felt for a banking institution which, through the provision of long-term credits, would promote the investment activity of industry.

* * *

The consolidation of the credit situation is also characterized by the statistics of bills of exchange protests and the legal compulsory auction sales. The following comparative table embodies the data for the last eight years: 436

	1930	1931	1932	1933	1934	1935	1936	1937
Total bills of exchange in circulation, in million litas	706.24	760.52	546.52	463.21	490.81	423.40	410.43	472.03
Amount of protested bills, in million litas	40.06	67.51	71.74	39.34	32.48	23.54	13.97	12.98
Percentage share of protests in sum of bill circulation	5.7	8.9	13.1	8.5	6.6	5.6	3.4	2.7
Number of compulsory auction sales of movable property	636	794	1 961	3 104	2 768	2 471	1 621	1 084
Amount of debts in million litas	1.48	1.83	3.33	3.81	2.86	3.83	2.33	1.06
Percentage of debt cover	27	35	27	27	22	14	19	27

The number of bill protests, both according to separate items and the total value and according to the percentage ratio

APPENDIX

ECONOMIC FIGURES

433

	1929	1930
INDUSTRY:		
1. Total number of medium and wholesale undertakings (of 5 employed persons upwards)	1 044	1 051
2. Total number of employed workers	19 637	19 334
3. Total figure of engine power in H. P.	.	.
4. Production Index	100.0	108.3
TRADE:		
474 473 439 1. Total number of larger undertakings (Trade in the narrower sense I — III Corp)	14 255	14 224
2. Railway goods traffic 1 000 tons	2 079	1 993
3. Price Index	100	87
4. Foreign Trade Turnover:		
(a) Million Litas	636.3	646.2
(b) Volume	100.0	116.7
5. Cooperative Trade Turnover, million litas	108.6	111.9
FINANCE AND CREDIT CONDITIONS:		
652 452 453 1. Monetary circulation, in million litas	102.3	117.2
2. State Revenue, in million litas	338.5	347.7
3. State Expenditure, in million litas	269.9	320.6
4. Deposits of the Credit Institutions, in million litas	282.8	345.7
5. Loans of the Credit Institutions, in million litas	333.0	437.8
6. Total Sums of Bills of Exchange Protests, in million litas	49.1	40.1
7. Discount Rate of the Lietuvos Bankas	7	7

OF LITHUANIA.

1931	1932	1933	1934	1935	1936	1937
1 049	1 105	1 108	1 118	1 136	1 135	1 247
21 053	19 743	20 660	22 282	23 344	25 844	31 689
70 038	84 804	95 751	94 585	105 349	109 634	125 157
140.7	153.7		166.5	185.9	244.2	272.0
14 141	13 590	12 981	12 572	12 034	12 054	12 445
2 164	1 599	1 722	1 853	2 003	2 193	2 352
74	61	54	52	46	46	53
551.1	356.1	302.4	285.9	280.8	346.5	420.9
128.3	106.6	102.2	103.2	103.9	125.2	139.3
127.8	111.3	105.8	111.3	149.4	185.2	203.6
127.1	112.7	105.8	101.1	111.4	124.1	131.9
340.1	292.0	256.9	264.4	279.9	302.8	329.9
335.3	278.2	249.7	251.8	276.9	287.7	318.2
302.0	291.2	278.4	269.5	229.6	290.2	347.6
479.6	449.5	446.5	461.9	451.5	467.3	501.4
67.5	71.7	39.3	32.5	23.5	13.9	12.9
8½	7	7	6	6	5½	5½

11: League of Nations G-4 (no date) 1939 RB5 Lithuanians RB5

VI. AGRICULTURAL CREDIT AND AGRICULTURAL INSURANCE

Agricultural credit may be divided as follows, according to the term of the loan and the conditions of payment : 452

1. Indebtedness to the Ministry of Agriculture for land obtained from the Agrarian Fund, timber purchased, agricultural improvements and the reintegration of land. These are long-term debts ; in some cases, no interest is charged ; in others, interest at 3% per annum. [452]

2. Loans on mortgage are granted to agriculturists almost exclusively by the Agrarian (Land) Bank. Up to 1934, the Bank granted mortgage loans in cash only ; since that year, it has granted mortgage bonds, of variable duration, up to twenty-eight years. The rate of interest is from 3.6% to 4.5%. On January 3rd, 1938, mortgage bonds (4%) were quoted on the Kaunas Exchange at 92.9.

3. Loans granted by the credit co-operatives. The term varies from six to eighteen months ; the loans may be extended for a single period of six months. The maximum loan that may be granted to agriculturists is 5,000 litai. The interest is from 6% to 8%. The credit co-operatives sometimes grant loans against promissory notes, but more usually against recognisances, two or more agriculturists being required to stand surety. The recognisance differs from the promissory note in the following respects : It is exempt from stamp duty ; the duration of the loan may be extended without the necessity for a new recognisance, simply by means of a note on the original recognisance. If the loan is not paid on the due date, there is no need for a protest ; it is recovered by the police, in accordance with a simplified procedure.

4. Loans granted by short-term credit establishments organised as joint-stock companies or mutual credit societies. These credit establishments serve the needs of commerce and industry ; agriculturists only occasionally apply to them for loans. They grant loans to farmers for three to six months at 8%.

The following table shows the indebtedness of Lithuanian farmers at January 1st, 1938 :

	Number of loans	Amount of loans in litai (1 litas = $ 0.592 on September 30th, 1938)
I. Ministry of Agriculture . . .	122,994	71.239,000
II. Loans on mortgage	28,818	114.530,000
III. Credit co-operatives	82,713	55.052,600
IV. Commercial banks	9,727	6,847,000
	244,252	247.658,600

[Lithuanian Constitution as of April 7, 1948]

[625] Art. 67. The all-Union Ministries, the Ministry of Internal Affairs of the
632 Lithuanian SSR and the Ministry of State Security of the Lithuanian SSR set up their Administrations under the district Soviets of Working People's Deputies in accordance with the conditions of the district and on the basis of the laws of the USSR and of the Lithuanian SSR.

Art. 68. The Departments and Administrations of the Executive Committees of the district Soviets of Working People's Deputies are subordinate in their activities both to the district Soviets of Working People's Deputies and their Executive Committees and to the corresponding Ministries of the Lithuanian SSR.

633 Art. 69. The city Soviets of Working People's Deputies set up the following Departments of their Executive Committees:

- a Department of Public Health
- a Department of the Municipal Economy
- a Department of Cultural and Educational Work
- a Department of Public Education
- a General Department
- a Department of Social Maintenance
- a Department of Trade
- a Department of Finance
- a Planning Commission
- a Cadres Sector

under the Chairman of the Executive Committee and, in addition, in accordance with the specific features of the city's industry and its suburban and municipal economy,

- a Department of Local Industry and
- a Department of Agriculture.

Art. 70. The Departments of the Executive Committees of the city Soviets of Working People's Deputies are subordinate in their activities both to the respective city Soviets of Working People's Deputies and their Executive Committees and to the corresponding Departments of the Executive Committees of the district Soviets of Working People's Deputies.

Art. 71. The Departments of the Executive Committees of the Vilnius, Kaunas, Klaipeda, Shyaulyai and Panevezhis city Soviets of Working People's Deputies are subordinate in their activities both to the Soviets of Working People's Deputies of these cities and their Executive Committees and to the corresponding Ministry of the Lithuanian SSR directly.

631 Art. 72. On the expiration of the terms of office of the Soviets of Working People's Deputies, their executive and administrative organs retain their powers until the newly elected Soviets shall have formed new executive and administrative organs.

Chapter VI. The Budget of the Lithuanian Soviet Socialist Republic

64[illegible] Art. 73. The state budget of the Lithuanian SSR is drawn up by the Council
●652 of Ministers of the Lithuanian SSR and submitted by it to the Supreme Soviet of the Lithuanian SSR for its approval.

[645] Upon its approval by the Supreme Soviet of the Lithuanian SSR the state budget of the Lithuanian SSR is published for general information.

[Lithuanian Constitution as of April 7, 1948]

646 Art. 74. The Supreme Soviet of the Lithuanian SSR elects a Budget Commission,
652 which reports its conclusions on the state budget of the Lithuanian SSR to the Supreme Soviet.

Art. 75. The report on the fulfilment of the state budget of the Lithuanian SSR is approved by the Supreme Soviet of the Lithuanian SSR and published for general information.

631 Art. 76. The budgets of the district, city, volost, small town and apilinki
652 Soviets include the revenues from the local economy, deductions from the state revenues collected within their territory and likewise receipts from local taxes and imposts in amounts fixed by the laws of the USSR and the Lithuanian SSR.

Chapter VII. The Courts and the Procurator's Office

692 Art. 77. In the Lithuanian SSR justice is administered by the Supreme Court of the Lithuanian SSR, the District and People's Courts, the Special Courts of the USSR established by decision of the Supreme Soviet of the USSR.

[693] Art. 78. In all Courts cases are tried with the participation of people's assessors, except in cases specially provided for by law.

Art. 79. The Supreme Court of the Lithuanian SSR is the highest judicial organ of the Lithuanian SSR. The Supreme Court of the Lithuanian SSR is charged with the supervision of the judicial activities of all the judicial organs of the Lithuanian SSR.

[646] Art. 80. The Supreme Court of the Lithuanian SSR is elected by the Supreme Soviet of the Lithuanian SSR for a term of five years.

Art. 81. District Courts are elected by the district Soviets of Working People's Deputies for a term of five years.

Art. 82. People's Courts are elected by the citizens of the cities and volosts on the basis of universal, direct and equal suffrage by secret ballot for a term of three years.

695 Art. 83. Judicial proceedings in the Lithuanian SSR are conducted in the
[563] Lithuanian and Russian languages, persons not knowing these languages being guaranteed the opportunity of fully acquainting themselves with the material of the case through an interpreter and likewise the right to use their own language in court.

Art. 84. In all Courts of the Lithuanian SSR cases are heard in public, unless otherwise provided for by law, and the accused is guaranteed the right to defence.

693 Art. 85. Judges are independent and subject only to the law.

Art. 86. Supreme supervisory power to ensure the strict observance of law by all Ministries and institutions subordinated to them, as well as by officials and citizens within the territory of the Lithuanian SSR generally, is exercised by the Procurator-General of the USSR directly and also through the Procurator of the Lithuanian SSR.